

May 10, 2011

Dear Colleagues of the SCFA,

The discussion concerning David Crane's nomination to be a UC Regent continues. An article ran in the Daily Cal on April 22, 2011 in which he is portrayed as being misunderstood, and that his ultimate goal is to save the Master Plan for Higher Education. Below, please read a rebuttal written by Christine Rosen, Co-chair of the UC Berkeley Faculty Association. The original article, entitled "Controversy surrounds appointment of UC regent" is also posted below.

A third article of great interest is posted below. The question of reducing the time allotted for faculty research is a serious proposal that is of interest to us all.

Cordially,

Shelly Errington,
on behalf of the SCFA Executive Board

David Crane is Unfit to serve as a member of the UC Board of Regents

By Christine Rosen
Special to the Daily Cal
Monday, May 2, 2011

The flattering article on David Crane that appeared in the Daily Cal on April 22, "Controversy surrounds appointment of UC Regent," gave surprisingly short shrift to those opposed to Crane's appointment. While the reporter contacted me for information about the number of people who signed the Berkeley Faculty Association's petition opposing Crane's appointment (1,475), he did not ask to interview me or any other officer of the BFA, and none of our concerns about Crane made it into the article.

The article quotes Crane saying, "What I'm focused on is ... maintaining access and [the UC] remaining the finest public university system in the world." We all support that idea. The question is whether Crane is going to get us closer to this goal. Not likely.

According to the article, "Crane considers finding alternative revenue streams - rather than focusing on organizational efficiencies - paramount if the university is to maintain its excellence, access and affordability." Yet Crane never identifies any source of alternative funding beyond a vague reference to the Medical Schools as assets. He has no interest in reducing outsized compensation for top administrators. Why isn't this kind of cost control a part of any by defined-benefit (DB) plans be converted to defined-contribution (DC) plans. While this would produce paper savings for UC, it would cause existing unfunded liabilities to snowball without relieving the university of its legal duty to fulfill its accrued obligation to existing and future retirees covered by its existing DB plan. Worse, it would make UC's salary and benefits package less competitive, further undermining its ability to recruit and retain world-class faculty and staff.

The fact is Crane is very much like many of the other Regents in background and outlook. Eight of the eighteen publicly appointed Regents made fortunes in the financial sector - David Crane would be the ninth. From 1979 to 2003 he was a partner in Babcock & Brown, a firm specializing in real estate derivatives that once was worth over \$9 billion and went bankrupt when the real estate bubble burst in 2008.

Reporter Peter Byrne recently wrote an award winning 8-part report identifying a multitude of potential financial conflicts of interests on the part current Regents who oversee the University's investments (see <http://spot.us/pitches/337-investors-club-how-the-uc-regents-spin-public-funds-into-private-profit/story>). Even as a Regent-designate, Crane has taken a lead in pushing the financial sector's agenda against the interests of all others. If confirmed, he will be another Regent who views the challenges facing the university through the narrow lens of finance and privatization, the very approach that has helped get us to the sorry state we are in now.

California's Constitution foresaw that wealth and political connections could contaminate the Board of Regents.

That is why Article 9 section 9-e defines a twelve member advisory committee that the Governor must consult when naming a candidate for Regent. This process was not followed in Governor Schwarzenegger's 11th hour appointment of Crane.

California's Constitution also provides that "Regents shall be able persons broadly reflective of the economic, cultural, and social diversity of the State" (Article 9 section 9-d). But there is no one on the board with experience in what the university does: higher education, research and hospitals. Where are the professors, the scientists, the doctors? Where are the humanists and public intellectuals?

Governor Brown should rescind Schwarzenegger's improper appointment of David Crane and utilize the Constitutionally mandated procedure to select a better candidate. If he won't do this, the Senate Rules committee - which by law must confirm appointed Regents - should reject Crane and demand that the Governor nominate a better candidate using the legally required method.

Controversy surrounds appointment of UC regent

By Jordan Bach-Lombardo
Daily Cal Senior Staff Writer
Friday, April 22, 2011

David Crane rides BART and runs to catch the bus.

He is a registered Democrat.

He worked almost 25 years at a multibillion dollar investment firm.

And since former Gov. Arnold Schwarzenegger appointed him to the UC Board of Regents in late December, Crane has become one of the most controversial appointees to the board in recent memory, with petitions circulating against his approval due to perceptions of his stance on collective bargaining in the public sector.

The University of California faces significant obstacles in the coming years and Crane knows it. But as debate rages on in Sacramento and across the state, it remains to be seen whether his opinions will become commonplace in the discourse that will shape the UC's future for the next 12 years.

Crane identifies one major source for the university's funding woes - the state.

"When the state Legislature 30 years ago was providing 30 percent of UC's funding and 10 years ago 21 percent of UC's funding, and now they're down to 11 percent of UC's funding, even though state revenues have risen sharply in those 30 years, then at whom should the finger be pointed?" he asked. "(The UC) is becoming a public university in name only, because the public is going away as a funding source."

The university faces at least a \$500 million reduction in state funding for the next fiscal year. The cut is but the latest in a trend that has seen state funding for the UC plummet by over 50 percent in the last two decades - a trend that Crane, who worked closely on state budget issues as Schwarzenegger's adviser, says has no prospect of reversing soon.

But to address the drop in funds, UC leaders must truly understand the problem before them, he said.

"Sometimes I feel like people are acting as if these problems don't exist, as if people can magically say, 'We can have it all, and you can raise wages for people working there and lower tuition for people and don't worry about the state giving you more money,'" he said. "I think people aren't paying attention to the math."

To navigate this funding gap, Crane considers finding alternative revenue streams - rather than focusing on organizational efficiencies - paramount if the university is to maintain its excellence, access and affordability.

"You should always be as efficient as possible, but in a world where the state is reducing its funding so dramatically, almost no amount of money will make up for the amount the state has withdrawn," he said.

He said that he would explore the UC's five medical centers - which generated \$5.9 billion in the 2009-10 fiscal year, according to UC documents - as one source of that revenue.

The main goal in finding new revenue is to preserve the university for the group Crane considers its main constituents: students and their families.

"I have to look at (proposals) in the context of what would it mean on holding the line on student undergraduate tuition," he said. "What I'm focused on is ... maintaining access and (the UC) remaining the finest public university system in the world. That access I care the most about is for undergraduates."

In his time in the public sector - he served as Schwarzenegger's adviser from 2004 to 2010 - Crane gained a reputation for zealously advocating for his points of view.

"David Crane is very brash, confrontational and very aggressive in pursuing his point of view, and in a place that revolves around compromise and relationships, he didn't conform," said Democratic strategist Steve Maviglio.

Crane does not deny this characterization, but said that his method could be just what the board needs.

"The establishment always thinks that way of people who raise controversial issues or propose paths different than those prescribed by conventional wisdom," he said in an email. "In my experience, all boards need people who play different roles, including someone unafraid to point out when an emperor isn't wearing clothes."

When Schwarzenegger appointed Crane in the waning hours of his governance, some in the blogosphere termed it "the Terminator's parting shot."

Already faced with opposition due to his perceived close relationship with the Republican former governor, Crane's confirmation, contingent on state Senate approval, became a point of even greater controversy after he wrote an op-ed about collective bargaining rights in the public sector.

"Collective bargaining is a good thing when it's needed to equalize power, but when public employees already have that equality because of civil service protections, collective bargaining in the public sector serves to reduce benefits for citizens and to raise costs for taxpayers," reads the piece, printed Feb. 27 in the San Francisco Chronicle.

Many, including state Sen. Leland Yee, D-San Francisco/San Mateo, interpreted this as a declaration of war on collective bargaining rights in the public sector.

"I think it's pretty clear that based on the writings of David Crane that he felt that our UC employees are not to be organized and represented by unions, and I think that's not a position I can support," Yee said.

Crane's op-ed does not explicitly state that he wants to strip UC employees of collective bargaining rights.

The piece, published barely two weeks after Wisconsin Gov. Scott Walker stated his plan to eliminate state employees' collective bargaining rights, struck a similar chord with unions and faculty groups statewide.

American Federation of State, County and Municipal Employees Local 3299, University Professional and Technical Employees and the Berkeley Faculty Association have organized rallies or written petitions in opposition to his confirmation. The association's petition has garnered 1,475 signatures to date, according to Christine Rosen, co-chair of the association and associate professor at UC Berkeley's Haas School of Business.

Crane rebuts this interpretation of his writing, saying he simply presented the history of an issue that becomes a political hot potato the moment it is raised.

"It's Kafkaesque in a way ... It's there in black and white, but someone is saying something completely different, and I can't control that," he said. "What's a substantive argument with someone who wants to maintain the Master Plan, who wants to maintain access, affordability and excellence?"

The Chronicle supported Crane in an editorial titled "State Sen. Leland Yee's attack on the truth," which chastised Yee's actions as the misquotations of an "opportunistic politician." The editorial went further and endorsed Crane for confirmation to the board.

But that is no done deal. According to Yee, many of his colleagues in Sacramento - among them state Sen. Ted Lieu, D-Torrance, who has also spoken up against the confirmation - will not vote for Crane.

Maviglio said despite the opposition, there is no way to know whether the confirmation will be voted down.

"It's almost like picking the pope," he said. "You never know what's going on in the back."

Tags: UPTe, Arnold Schwarzenegger, Leland Yee, UC Board of Regents, Berkeley Faculty Association, David

Crane, AFSCME local 3299

Article Link: <http://www.dailycal.org/article/112908>

State office proposes changes for UC

By [Anjuli Sastry](#)

Daily Cal Staff Writer

Monday, April 18, 2011

With an already existing drop in state funding that has led to increased student tuition for state universities, the state Legislative Analyst's Office released a report April 14 proposing that faculty be less involved in research and that UC tuition rise by 7 percent.

The Legislative Analyst's Office, the state's non-partisan fiscal and policy adviser, was asked to create the report - which advises on potential UC, CSU and community college budget reduction options - in February by state Senate Budget and Fiscal Review Committee Chair Sen. Mark Leno, D-San Francisco. The office also proposes cutting supplemental funding to UC Merced by \$5 million and reducing enrollment, operating expenses and equipment funding across the system.

But UC Vice President for Budget Patrick Lenz said the funds are necessary because they address student needs relating to financial aid and tuition.

"UC Merced is a campus of the future and \$5 million is a small amount of money to address those needs," Lenz said. "It makes more sense to take \$5 million from another campus that is far more established."

Additional revenue can be saved by reducing personnel costs by 10 percent at the UC, which could reduce faculty sabbaticals and release time, according to the report. It also recommends faculty to teach more and research less.

But according to Lenz, faculty should not be required to give up research because research grants bring money into the university.

"We teach from our research and we learn what the most contemporary issues are," said Wendy Brown, co-chair of the Berkeley Faculty Association and UC Berkeley professor of political science. "If these proposals were to be taken seriously, the consequences for University of California would be huge because we would go to universities that value the relationship between teaching and research."

The office has no direct authority over whether UC or CSU systems accept their proposal, but the need for a decision grows as Gov. Jerry Brown will release his official state budget update May 16. Steve Boilard, director of higher education for the Legislative Analyst's Office, said the office put together the most realistic options given general funding reduction.

"I heard the UC say yesterday that they don't want to raise tuition or cut enrollment any farther, but what are you going to do if there are another \$500 million in cuts?" Boilard said. "We recommend spreading cuts along a range of means, rather than suck in one group. This includes faculty being paid less and students paying more."

The report recommends changes in tuition and enrollment levels, increasing UC tuition by \$778 to \$11,902 for the 2011-12 academic year and reducing CSU enrollment by 5 percent from the level presented in Brown's state budget plan.

"We are already reducing enrollment, with 10,000 fewer students than we would have been able to take under current funding," said CSU spokesperson Erik Fallis. "There is no way to decrease fall enrollment, and we would have to do something incredibly drastic to get enrollment numbers down during spring quarter next year." UC and CSU officials said they are still considering whether they will take the report into account in their decisions.

"(The office's) recommendation is very different from our long-standing commitment to students," Fallis said.